FOREIGN AGRICULTURE

June 23, 1975

Grading eggs, USSR.

Mideastern Markets for U.S. Oilseeds

Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

Vol. XIII • No. 25 • June 23, 1975

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Grading eggs on a Soviet state farm. Egg output in the USSR is expanding rapidly, as is that of several other livestock products discussed on pages 10 and 11.

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The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

The Mideast—Growing Market For U.S. Oilseed Products

By CLARENCE GOLDSBOROUGH
Foreign Commodity Analysis, Fats and Oils
Foreign Agricultural Service
and HOWARD AKERS
American Soybean Association

During February 21-March 20, 1975, the authors visited the Mideast, North Africa, and South Asia to assess the market potential there for U.S. oilseeds —particularly soybeans—and their products. This is the first of two articles on their findings.

WITH THEIR spending power now vastly increased, the oil-rich nations of the Mideast and North Africa are making that almost-inevitable turn toward better diets, launching a number of programs that bode well for U.S. sales of oilseeds and their products.

Within this group of potentially larger markets are Iran, Lebanon, Iraq, Syria, and Saudi Arabia. Countries here are aiming for large increases in meat production, particularly poultry meat, which of course enhances demand for feed ingredients like soybean meal. They are looking at soy protein as a means of enriching school lunches and other feeding programs. And they are in need of more vegetable oil.

Iran, with its oil revenues up to $18.5 billion in 1974 from $2.4 billion in 1972, can spend huge amounts to develop its lagging agriculture, including production of oilseeds. For the near term, however, results of these efforts are likely to be eclipsed by growth in soybean imports as the country's vegetable oil needs continue to soar and stress is placed on improving the protein content of diets.

Already, skyrocketing vegetable oil needs—up 45 percent last year to about 20 pounds per capita—have pushed Iran into the forefront of U.S. soybean oil markets. These soybean oil sales to Iran totaled 150,000 tons valued at $100 million in calendar 1974 and ranked as the third most valuable U.S. farm export to Iran next to wheat and rice. In fiscal 1969, by contrast, U.S. soybean oil sales were a miniscule $2 million.

The feeling is that soybean oil imports from the United States could double again in 1975 to 300,000 tons. Through February of the 1974-75 marketing year (October-September), they had reached over 170 million pounds out of a yearly total requirement now estimated at nearly 700 million pounds. Since it produces less than 200 million pounds of this requirement, Iran must import some 500 million pounds, mainly as U.S. soybean oil plus some USSR and Romanian sunflower oil (about 65 million pounds last year).

In addition, the country is seeking to establish dependable long-term sources of supply in view of the frantic purchases made at record prices a year ago when per capita consumption jumped so much. Teams have been sent to the United States and Brazil to negotiate long-term commitments for the delivery of vegetable oil and oilseeds. The Iranians are attempting to set up joint ventures and contract production of soybeans in Brazil, which thus could become a major U.S. competitor in the market.

THE MINISTRY OF Agriculture is also interested in increasing production of livestock and poultry. The country currently produces about 80 million chicks a year, which is insufficient to meet local needs. And these needs are being pushed up rapidly by higher levels of living and the influx of foreigners interested in lending assistance and cashing in on the oil bonanza. To alleviate such problems, the Government hopes to double the annual meat production between 1974 and 1978 to around 620,000 tons.

Already, these goals have led to some changes in feed requirements. The official responsible for operating the Government feed mill stated that 2 years ago

he produced 3,000 tons of poultry feed and 1,000 of other livestock feed; last year, this was up to 5,000 tons of poultry feed and 15,000 of sheep and calf feed. The Ministry of Agriculture is planning to build seven or eight more such mills, including one huge plant with a capacity of 100 metric tons per hour.

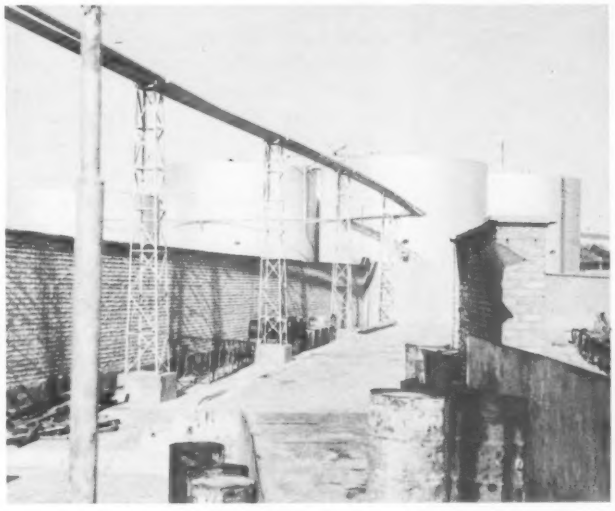
One impediment to expansion, however, has been the Government's policy of encouraging use of local feeds before other feeds are imported. Iran, for instance, has an oversupply of cottonseed meal, which should be used in only limited amounts in poultry rations. But because it is not economical to export the cottonseed meal, a larger share than normal goes into poultry rations. The result is an inferior feed that does not produce the maximum growth in poultry.

The country imported about 55,000 tons of soybean meal in 1974, but trade sources say they need considerably more to improve the ration and to increase red meat production.

IRAN IS ALSO interested in soy protein for direct human consumption, and hopes to use it in a nationwide school-lunch program beginning this September. Each of the 5-6 million children in the program will receive about 2 grams of protein in a biscuit or wafer. Since this is a crash project, no time for testing will be available. Interested firms will have to submit their product for inspection, obtain acceptance, and have the product available in Iran by September of this year.

Meanwhile, the University of Kareem in Iran is working with U.S. agronomists to find varieties of soybeans suited to conditions in Iran. About 350 tons of seed soybeans already have been imported from the United States and are currently being planted on a wide number of sample plots.

The managing director of Iran's Oilseed Research and Development Company sees these and commercial production efforts leading to a 120,000-ton soybean crop in 1975, compared with 45,000 in 1974 and 20,000 in 1973. Some of this big expansion will come from a shift of nearly 200,000 acres of Iranian cotton land to soybeans. A high support price, equal to about $9.80 per bushel, makes such changes financially attractive, although there could be some resistance from traditional cotton farmers faced with growing an unfamiliar



Above, feeding time at Iranian livestock farm. With output of livestock and poultry on the increase, Mideast demand for oilseed meal as a mixed feed ingredient is also growing. Left, an oil storage facility in Iran; and below, a poultry enterprise in Lebanon.

Cotton in Iran—one of the crops being stressed in Iran as an alternative to the growing need for oilseed imports.

crop—and one that initially might not earn as much as cotton.

The country is also continuing its recent push to expand sunflower output, with production leapfrogging by 15-20 percent a year.

While some sources see these domestic production efforts leading to self-sufficiency, there seems little chance of this being achieved soon, especially in view of expected 7-10 percent yearly increases in vegetable oil consumption and the growing feed needs of the livestock industry.

In other countries of the Mideast—primarily Jordan, Syria, Iraq, and Saudi Arabia—there is also a growing interest in soybeans and soybean meal for poultry production. One firm estimates that the area's so-called "poultry appetite" currently totals 700,000 tons of mixed feed and will rise to 1.5 million by 1980. Soybean meal could be expected to account for about 22 percent of the total.

Most of the expansion is seen for countries with still-small poultry industries, which means that they will become less dependent on traditional poultry suppliers like Lebanon.

Currently, Lebanon is far the largest and most efficient poultry producer, able to meet not only domestic demand but also that of many nearby markets. While, for instance, the country was producing about 23 million chicks for the domestic market between 1969 and 1973, its exports of chicks grew from around 3.5 million to 6.5 million. Table egg exports in this same period ranged from 214 million to 351 million eggs, and hatching egg shipments shot from 7 million to about 21 million.

DEMAND FOR soybeans and meal has risen accordingly. Trade sources stated that last year's imports were about 50,000 tons, and this year's would be around 60,000. This compares with imports of 13,371 tons in 1972 and an estimated 26,500 in 1973.

Growth in the Lebanese market, however, could be curtailed should other Arab nations expand their poultry industries as expected.

In fact, it is estimated that Lebanon will need no more mixed feed in 1980 than the 200,000 tons currently being used.

Of the vegetable oils, soybean and corn oil are the two major edible oils imported. These have traditionally been exceeded by olive oil—the major domestic crop with a 1974 production of about 45,000 tons—but soybean oil was expected to move into the No. 1 position either in 1974 or 1975. Imports of soybean oil totaled 1,000 tons in 1974, most of which came from the United States.

Lebanon now has three soybean processing facilities. The two largest have a crushing capacity of 250 tons of soybeans per day, while the smaller plant reports a capacity of around 3,000 tons per year.

One of the biggest spenders of the Arab oil nations is Iraq, which is aiming at rapidly improving the living conditions of its people. Consequently, Iraq promises vast expansion in demand for oilseeds and their products—a promise already being borne out by some remarkable trade jumps. For instance, one trade firm reports that Iraq traditionally has bought oilseeds and products in small lots of 2,000-3,000 tons. Thus, when the Government asked for offers on palm oil of 100,000 tons, the firm thought this was a mistake—that the figure must actually be 1,000 or 10,000. As it turned out, Iraq bought the 100,000 tons of palm oil plus another 150,000 tons later.

Iraq also is embarked on a program to become self-sufficient in egg production. A British trade publication estimates current Iraqi egg consumption at 60 million eggs a year, with 55 million imported from Eastern Europe. The Iraqis aim to eliminate this import need by upping egg production to 75 million by the end of 1975.

Accordingly, large amounts of money are being spent on poultry complexes. One at Arbeil will reportedly house 115,000 rearers and 304,000 layers, all in Salmet cages. Another 10 sites apparently have been agreed on, each with 136,500 rearers and 367,000 layers.

In Syria, the Ministry of Agriculture has contracted with at least five firms for the construction of 10 large state poultry farms designed to produce 195 million eggs annually and 22 million broilers. These, plus two other large projects, are expected to be operational by the end of 1977, doubling Syrian egg production.

The country's domestic production of grains and protein feed will be insufficient to meet needs of the expanded poultry industry, as well as those of other livestock enterprises such as dairying. Hence, demand for imported feed ingredients should rise markedly.

Saudi Arabia, with 25 percent of the world's known oil reserves, is obviously in a position to carry through on goals to expand poultry production. One published report states that the country in 1974 produced about 128 million eggs, or 60 percent of requirements. Broiler production was 7,000 tons, or 41 percent of consumption.

THE COUNTRY has two feed mills, one in the Eastern Province with a capacity of 120 tons per day and another in the west with 50 tons per day. Three more plants are planned, each with a capacity of 100 tons per day, expandable to 300. To encourage this growth, the Government has placed a 50 percent subsidy on imports of concentrates and equipment.

Alternatives Sought for Assessing Export Sales Data

By PETER B. PAULI
Export Sales Division
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ONE OF THE realities of agricultural trade is that initial sales of products to foreign buyers do not always lead to actual product shipments. In fact, the difference between sales and shipments can often be sizable, as orders are cancelled and products resold in a world marketplace that is constantly changing.

This reality became a critical concern in October 1974 when the Foreign Agricultural Service inherited responsibility for monitoring weekly U.S. export sales of grains, oilseeds, oilseed products, and cotton—and comparing them with U.S. and foreign supply-demand projections.

The system's aim was to closely monitor U.S. export sales of these products now that the market could no longer depend on a margin of Government-held surplus stocks. But since the export sales data contained a margin of uncertainty, FAS became involved in a study of those elements that distort trade.

A first step in this attempt has been to improve normal administrative procedures by analyzing reporting regulations and instructions to make sure they are clear and precise; checking other data sources to assure that all exporters are reporting as required by statute; and determining through field review and audit if an exporter is reporting only firm, bonafide transactions, and that they are not duplicating transactions reported by other exporters.

Beyond these administrative inquiries lies FAS's evaluation of the unique elements in export contracts that might give clues to the probability, or improbability, of actual export shipments taking place within the time frame specified.

Most exporters and buyers are no doubt definite about their intentions when they enter into contracts. It is what happens after the contract is signed that creates the uncertainty: Demand slackens; prices fall or rise; new buyers come into the picture.

Through all this shifting of circumstances and positions, both sellers and buyers want to retain as much flexibility as possible, often taking positions in the futures market—or the international resellers market—to maintain this flexibility. Such options are the "name of the game"—they spell profit and loss in the hardheaded business of world trade. But they can also distort the trade picture when positions taken are merely speculative or meant as hedges against market changes.

One way of separating the serious traders from the speculators might be to classify foreign buyers and to study, as well as classify, their trading patterns. The purpose of such a study would be to distinguish, if possible, between export sales made to processors and end users, which seem to represent firm demand, and sales made to resellers, which represent a softer demand.

Foreign government buyers (including monopoly importers) would fall into the first group since, theoretically, their purchases tend to reflect real requirements of their people and are not so likely to be cancelled or deferred.

While it is easy to visualize the kinds of foreign buyers around the world, it is not so easy to define them. Broadly, they may be classified as foreign governments, processors, and other end-users, affiliates, parent corporations and subsidiaries of the exporting firm, and others, such as unaffiliated resellers and merchants who do not fit into the foregoing classification.

The problems with this kind of analysis are threefold:

First, except for foreign governments, foreign buyers defy classification. For example, a private exporter has an affiliate in Brussels that operates as a trading firm (reseller) and also controls feed mills, flour mills, and oilseed crushing plants throughout Europe. Would this buyer be classified as an affiliate or as a processor? Then assume another U.S. exporter sells to this same foreign buyer. There is no affiliation between them. Would this second exporter classify the same buyer as a processor or as "other"?

Second, while there are legal and extra-legal definitions of corporate relationships, verifying them would require checking corporate charters and stockholder records in many foreign countries at the risk of antagonizing foreign officials and jeopardizing U.S. commercial relations. Also, it seems clear that the diverse, complicated, and multinational character of trading and processing companies makes meaningful classification a nearly impossible task.

Finally, there is no evidence on which to base an assumption that foreign governments or foreign processors and other end-users are less likely to cancel or defer delivery on contracts than are other types of buyers. In fact, recent evidence strongly suggests the contrary, and it is questionable that this line of inquiry would produce worthwhile results to any degree.

TAKE ANOTHER example: a private exporter sells to an overseas affiliate who resells to a foreign government. The latter than sells through the reseller to another foreign government on a complicated barter and credit arrangement. In this example, the commodity is sold and apparently committed for export, but little information is gained by learning the class of the foreign buyer of the moment.

Moreover, many exporters state that it is not so much the arbitrary grouping the buyer fits into but rather the buyer's past performance and current requirements and future market trends that indicate the likelihood of his taking delivery. This suggests a subjective evaluation of each buyer and every circumstance —an overwhelming feat for objective analysis.

If there is no practical way to classify foreign buyers, will the terms of the contract itself reveal some possibilities? For example, most commodities are priced for export delivery in the following two ways:

- Free-alongside vessel (f.a.s.) or free-on-board vessel ports of origin (f.o.b.); and
- Cost and freight (c&f) or cost-insurance-freight (c.i.f.) to a foreign

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This is the third in a series of articles on FAS's export sales monitoring system.

No Big Herd Growth Seen In Columbia, Venezuela

By JAMES P. O'MARA
Foreign Commodity Analysis
Dairy, Livestock, and Poultry
Foreign Agricultural Service

ALTHOUGH SIMILARITIES exist between Colombia and Venezuela—primarily in culture, climate, topography, and types of agricultural products—certain dissimilarities are evident in the relative importance of agriculture of the two countries—particularly in livestock production and trade.

Both countries possess considerable livestock production potential as a result of availability of land, normally sufficient rainfall for pasture growth, and governmental assistance in the form of subsidized loans, but large increases in animal numbers and meat production are not expected in the near future.

There are three reasons for this outlook:

- Lack of interest on the part of owners to make long-term investments;
- The present world demand-supply situation for beef has dampened prospects for opening or enlarging export markets;
- With the existing populations growing annually at a rate of 3 percent, increases in beef supplies should be partially offset by demand.

One consistent feature that tends to limit investment in agricultural—especially livestock—production is the high rate of inflation associated with many Latin American economies, including those of Colombia and Venezuela. Livestock investment costs exceed the expected rate of return.

Because the Governments of both countries have taken measures to make sufficient quantities of beef available to their populations, any increase in supplies will be substantially offset by enlarged demand. Colombia has imposed quotas when exports threatened to deplete domestic supplies, and Venezuela has imported large numbers of cattle from Colombia and has maintained retail price ceilings on beef.

The fact that trade in live cattle and beef between the two countries normally moves only in one direction—from Colombia to Venezuela—is central to any discussion of livestock production and trade in and between the two nations.

With revenues from Colombian petroleum exports declining, earnings from alternative products such as beef and live cattle exports become more vital. In an effort to encourage export of live cattle and beef, Colombia has instituted 2 beefless days each week, and has allowed prices of live cattle and beef to rise to encourage growth of herds.

While Colombia would be more responsive than Venezuela to movement in world prices for both cattle and beef, over 55 percent of Colombia's export trade in beef and cattle is with Venezuela. The size and regularity of this trade tend to isolate Colombia's prices from world trends.

Colombia's Red Meat Industry Is Dominated by Beef

COLOMBIA'S red meat industry, while dominated by beef, includes sizable pork production and small quantities of sheep and goat meat. Annual production of beef and veal has averaged just under 1 billion pounds, while that of pork was about 200 million pounds in 1971-73.

Sheep and goat meat production, on the other hand, has never exceeded 10 million pounds in any 1 year prior to 1974, for which figures are not yet available. Lamb, mutton, and goat meat account for less than 1 percent of total meat production (carcass weight basis) in Colombia's meat industry.

Among the many factors that hinder beef production, inadequate nutrition is the most important. The primary source of nutrition for cattle is native grass. In the fattening regions, some improved grass varieties—such as Puntero, Pangola, Guinea, and German—are used, but often little fertilizer is applied after the initial planting.

Lack of reserve feed during periods of drought and vitamin deficiencies are the main causes of poor weight gains and weight losses. The average weight gain for cattle is about one-half pound per day, with daily weight gains of up to 1 pound per day on improved grass and under good management conditions.

Considerable research on grasses and legumes adaptable to tropical climates is being conducted by such organizations as the Centro International de Agricultural Tropical (CIAT), funded by the Ford, Rockefeller, and other foundations, and the Instituto Colombiano Agropecuario (ICA), the Colombian Ministry of Agriculture's research and extension agency.

The genus *brachiara* appears to hold great promise, as its endurance under drought conditions is better than average, and its grazing life is 7-8 years.

Improved grass varieties are reported to have doubled livestock weight gains and tripled carrying capacities of pastures when compared with the poorer

pasture conditions prevailing in parts of eastern Colombia. Carrying capacities range from 10 to 25 acres per head in parts of the Llanos to 1.5-3 acres per head in the better feeding areas.

Animals deficient in vitamins, minerals, proteins, and energy are difficult to breed, and when they calve often lack sufficient levels of milk for nursing. Only recently have commercial herds been fed mineralized salt.

It is not uncommon for calves to be weaned at 12 months. A large percentage of the fluid milk for human consumption comes from the beef herd, and this factor—combined with the long nursing period—exerts excessive strain on the dams and severely limits chances for rebreeding. Such circumstances explain the low calving rate of 50-56 percent.

Due to more frequent vaccination, outbreaks of such diseases as foot-and-mouth, anthrax, blackleg, and brucellosis have been less numerous in recent years, although such losses still cost the industry millions of dollars yearly.

Land prices vary, depending on productivity and proximity to large cities. Irrigated land for rice production can command a price of $500 per acre, while poorer pasture land may sell for only $15 per acre. Suitable land for raising cattle ranges from $50 to $170 per acre, depending upon quality.

Labor costs, however, are fairly stable throughout the country, with daily farm wages averaging $1.25. But educated workers and those skilled in operating equipment can earn as much as $2.60 per day.

The current rate of interest on borrowed capital is 18 percent. In some cases, a rate of 16-17 percent—designed to stimulate herd increases—prevails for cow-calf operations. Loans for livestock operations are primarily administered by the agricultural banks (most of which are heavily supported by the Government), with 15 points of the 18 percent rate covering the cost of the loan and 3 percentage points covering the required technical assistance.

Pork production, as is the case with beef output, is deterred chiefly by lack of adequate nutrition. About 82 percent of all hogs in Colombia are raised under backyard or traditional conditions. The animals mostly eat grass and garbage.

Average litter sizes of sows in such operations is 7-9 pigs, but only half of the litter is weaned. Such animals nor-

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Venezuela Relies Heavily On Livestock Imports

WHAT HAS distinguished agricultural production policy in Venezuela from that of Colombia is the low degree of emphasis that it has received—especially in the livestock sector.

Because of Venezuela's relatively wealthier position—largely a result of its petroleum export revenues—it has been able to afford a large volume of imported agricultural products. This position may explain the relatively low levels of public and private investment in agricultural production in the past. Agriculture's contribution to gross domestic product in 1973 was about 6 percent in Venezuela, compared with 28 percent in Colombia.

In Venezuela as in Colombia, one of the Government goals has been to provide sufficient quantities of beef at reasonable prices. Venezuela's approach has been to import large quantities of live animals for slaughter or additional feeding at comparatively lower prices, while maintaining price ceilings on retail cuts of beef.

Only small surplus beef supplies are expected to occur soon in Venezuela, as in Colombia, because of high rates of inflation and population growth.

Any surplus supplies are more likely to result from Governmental policy regarding the influx of Colombian cattle than from increases in domestic production. Present conditions tend to favor a continuation of this trade, which acts to discourage Venezuelan livestock producers.

Recently, the Venezuelan Government has displayed greater interest in developing the country's agricultural economy, and measures have been taken that should result in increased production.

If the price of cattle in Venezuela is a true reflection of the cost of production, then the Government would have to augment existing producer subsidies to stem the flow of lower priced cattle from Colombia.

On the other hand, if cattle prices are not a true reflection of production costs, it would appear that sufficient incentive exists to expand production—provided credit is available.

Clearly, Venezuela possesses a large resource base on which to build its livestock sector, but whether any large expansion will materialize is heavily dependent on Government policy.

In the 3-year period 1971-73, Venezuela's beef production averaged 480 million pounds. Pork production was just under 100 million pounds in the same period. Lamb, mutton, and goat meat production was around 8 million pounds—just slightly below that of Colombia.

As in Colombia, native pasture constitutes the predominant source of nutrition for cattle, and insufficient diet is a major deterrent to increased beef production. Where land is being prepared for improved grass varieties, peanuts are planted to develop a fertile seedbed. At maturity, the peanut crop is either plowed under or harvested. Bank officials report that the returns from peanuts usually pay for the preparation costs.

Research on tropical grasses and legumes is being conducted by various organizations at Federal and state levels. The Venezuelan Ministry of Agriculture

COLOMBIA AND VENEZUELA: CATTLE AND BEEF PRODUCTION AND PRICES

Country	Cattle population[1]	Calving rate[2]	Slaughter rate[3]	Dressing yield[4]	Live price[5]	Wholesale price[6]
	Mil. head	*Percent*	*Percent*	*Percent*	*US cents per lb*	*US cents per lb*
Colombia	23.0	50-56	11.5	52	0.26	0.43
Venezuela	8.9	50-58	12.0	52	.34	.68

[1] Estimated number of cows, calves, heifers, steers, and bulls on Jan. 1, 1975. [2] Average number of calves born live in herd of 100 bred cows. [3] Total slaughter in a 12-month period as a percent of total cattle population. [4] Average carcass weight minus offal divided by live weight. [5] Price received at slaughter house for top grade steers or bulls in Nov. 1974. [6] Price paid for carcass beef in Dec. 1974.

carries out joint projects in conjunction with the United Nations Food and Agriculture Organization that are concentrated in the area of livestock production. Through the influence and research of these institutions, more Venezuelan farmers are becoming aware of the economic benefits of new technological processes in crop and livestock farming.

Pangola grass is found in the dry, flat savanna areas that are typical of many tropical and subtropical climates. Savannas in Colombia and Venezuela are characterized by their poor soils and irregular rainfall, and the land is used mainly for livestock production.

German grass and para—the local name for *brachiaria mutica*—are found in the low area of the Orinoco River delta and in Zulia. Other pasture grasses such as Angleton and Guinea grass are more suitable for the areas of high elevation. The cost of establishing these improved pastures is $25-$40 per acre —about $2-$3 more per acre than in Colombia.

Daily gains in weight range from 0.3 pounds per day to 1.3 pounds per day, while land carrying capacity for cattle ranges from 25 acres per head to 1.2-3 acres per head. The somewhat better weight gains and larger land carrying rates in Venezuela than in Colombia are the result of a few exceptionally good grazing areas that have lush pasture throughout the year as a result of sufficient rainfall and good soil. In general, however, daily weight gains and land carrying capacity are similar in the two countries.

Although few in number and widely dispersed geographically, feedlots do exist in Venezuela. Corn silage and grain sorghum often constitute the major part of the diet. Although this type of feeding is high in cost because of feed prices, the growing tourist trade in Caracas provides a market for this type of beef. Except for inventories at these few feedlots, feed normally is not kept in reserve for dry periods.

The breeding problems associated with Colombian herds also are found in Venezuela. However, Venezuelan cattle are evidently less troubled with foot-and-mouth disease and brucellosis, but are more troubled by parasites such as screw worms and by outbreaks of blackleg and rabies.

The calving percentage in Venezuela is in the range of 50-58 percent.

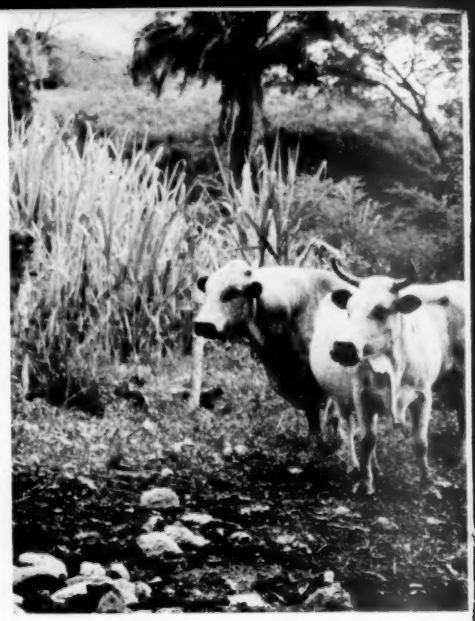
Land prices vary from $15-$20 per acre for poor savanna pasture to about $120 per acre for better grazing (vega) land. Prices for superior grazing land are as high as $200 per acre, depending upon quality and alternative uses.

Farm laborers earn an average $3.15 per day in Venezuela, while other—more highly trained—personnel can earn as much as $5 per day.

Agricultural loans—mostly crop production loans—bore only 4 percent interest from 1958 to 1971. The current rate of interest—9 percent—has been in effect since 1971. Although a Government program of farm loans at only 3 percent interest has been announced, no loans under this program had been made as of November 1974.

Although most pork production in Colombia is under traditional conditions, the opposite is true in Venezuela. About two-thirds of the hog population is raised under improved conditions, including concentrate rations and confined feeding areas. Also, there are more U.S. swine breeds in the commercial herds than is the case in Colombia.

The outlook for continued sales of U.S. breeding swine to Venezuela appears very good. Hog rations consist chiefly of grain sorghum and either cottonseed, fish, or soybean meal. Hogs are marketed at 8-9 months at live weights of about 170 pounds.



The cattle slaughter rate in Venezuela is reported to be 16 percent. However, since close to 17 percent of the total number of cattle slaughtered annually in Venezuela are born and partially fed in Colombia, the reported rate is not representative. If Colombian cattle are subtracted from the total, the actual Venezuelan rate would be 14 percent.

The major reason for the low slaughter percentage is the length of time needed for animals to reach slaughter weight. Cattle sold for slaughter weigh approximately 800-900 pounds, and are 3.5-4.5 years of age.

Nearly all Venezuelan animals move to market by truck over the country's modern and well-maintained roads. A number of new roads are being constructed, and others are being resurfaced and widened. Meat products as well as animals thus can be moved to market efficiently over this modern network of roads.

Most animals are sold at local auction markets either for slaughter at local municipal slaughter plants or for shipment to the larger industrial slaughter facilities. Livestock are sold on the basis of estimated dressed weights and normally only young (3-4 years) animals with good finish are purchased for slaughter at the large industrial slaugh-

COLOMBIA: PER CAPITA RED MEAT CONSUMPTION[1]
[In pounds]

Type	1970	1971	1972	1973	1974[2]
Beef and veal	42	46	40	33	35
Pork	9	8	8	9	10
Mutton, lamb, goat meat	([3])	([3])	([3])	([3])	([3])

VENEZUELA: PER CAPITA RED MEAT CONSUMPTION[1]
[In pounds]

Type	1970	1971	1972	1973	1974
Beef and veal	42	44	43	43	46
Pork	10	9	8	8	9
Mutton, lamb, goat meat	([3])	([3])	([3])	([3])	1

[1] Carcass weight basis. [2] Estimate. [3] Less than 1 pound.

Family of black-eared White cattle (far left) in Colombia. Crossbreeding of Whites with Jerseys has resulted in improved milk yields and meat production. Brahman-Criolla steers, such as these in Venezuela (left), reach desired market weight faster than pure Criolla animals, which must be fed for longer periods. Faster maturity thus is economically desirable.

terhouses in the various regions.

Meat from these industrial plants is destined for the large city markets, such as Caracas, Maracaibo, Valencia, and others, and the individuals who purchase animals for slaughter at these plants usually maintain ownership of the meat until it reaches the retail level.

A large percentage of the meat consumed in Caracas and other large cities comes from these plants, which have refrigerated storage facilities. However, sizable quantities of meat consumed by lower-income citizens in urban areas pass through the traditional marketing chain that may include four or five individuals operating at different levels between producer and consumer.

In the spring of 1974, Venezuela revised its system for classifying beef carcasses. Under the new system, carcasses are separated into four classes:

- Males under 3 years with minimum carcass weight of 485 pounds.
- Males under 5 years with minimum carcass weight of 420 pounds.
- All cattle, no age restriction, with minimum carcass weight of 287 pounds.
- All cattle, no age restriction, with carcass weight of less than 287 pounds.

Colombian Red Meat

Continued from page 7

mally weigh about 45 pounds at 8 months, and are slaughtered at 130-135 pounds in 18 months.

The remaining 18 percent of the hog population is fed mixed rations consisting either of corn or sorghum as energy sources and soybeans or cottonseed meal as protein sources. About 90 percent of Colombia's corn crop is for human consumption. The 18 percent of the hog population that is fed concentrates produces nearly as much pork as the 82 percent raised under traditional conditions. They are slaughtered at 150-180 pounds when they are 10-11 months old.

The slaughter rate for cattle in Colombia is difficult to determine because of the conflicting nature of available data, but 11.5 percent appears to be a reasonable estimate. The extraction rate —a statistic that includes both slaughter and live cattle exports as a percentage of the total herd—gives a better indication of the productivity of Colombian herds.

Including live cattle exports under domestic slaughter, the percentage leaving the herd annually for commercial reasons would be 13-14 percent.

The predominant reason for the low slaughter percentage in Colombia is the length of time needed for an animal to reach slaughter weight. The average weight of males is 880 pounds, and they are normally older than 3 years, 10 months at slaughter.

While some animals are transported by rail or ship, the majority are moved by truck. Colombia's road system is antiquated by modern standards. The size and extent of the mountain ranges are formidable obstacles to an adequate highway system.

Livestock that are transported over long, winding mountain roads may endure significant weight loss, and are subjected to considerable stress. Also, heavy rains and landslides often make these roads impassable.

Cattle, hogs, and other livestock are occasionally sold to buyers at the farms, but more commonly are trucked to central marketing facilities. Livestock are sold on the basis of estimated dressed weights, and only in the larger central auction markets such as in Medellin are animals weighed.

The marketing chain is lengthy, and as many as four or five individuals may operate between the producer and the consumer. Before an animal is slaughtered it often changes hands twice, although steers normally are sold once before going to slaughter. After an animal is slaughtered, ownership of the meat may pass through the hands of two or more meat middlemen before reaching the retail store.

One reason for multiple possession of animals and meat is the separation of cow-calf and fattening operations, and another is the limited storage capacity for meat and its high degree of perishability, which makes it necessary for local butchers to rely on each other or on large meat buyers to balance demand and supply.

Meat grading and processing are primarily confined to the large industrial slaughter houses for meat to be consumed in the larger cities. Two classes of beef have been established to determine quality.

SOVIET FARM TRADE

Soviet Trade Hits New High

AIDED by a surge in exports, Soviet foreign trade turnover last year soared to a peak 39.6 billion rubles (1974 prices)[1] for an 8.3-billion-ruble gain from the 1973 level, according to an article in *Ekonomicheskaya Gazeta*, 15, 1975. However, trade with the United States slipped to 742 million rubles from 1.2 billion in 1973 as Soviet buying of agricultural and other raw materials dropped off. The United States thus fell to seventh place among the USSR's developed-country trading partners from second place in 1973.

As in the past, the "socialist" countries accounted for the bulk—54 percent—of total trade. However, trade with non-Communist nations is also on the rise, with developed countries taking 31 percent of the total in 1974, and developing countries, 15 percent.

Helping to strengthen the balance of payments position was the 32 percent jump in exports, contrasted with a more modest 21 percent gain in imports.

Among the agricultural imports, purchases of meat and meat products reportedly rose to 515,000 tons—more than double the highest level of imports in recent years. However, this cannot be verified by other information and may be in error. Imports of meat and meat products were 128,500 tons in 1973 and 130,600 in 1972. The peak in recent past years was 224,600 tons in 1971; and the alltime record was 296,900 in 1954.

Other agricultural imports included coffee, 47,000 metric tons in 1974 (compared with 32,000 in 1973); cocoa beans, 143,000 (119,000); tea, 49,000 (37,000); canned vegetables, 362,000 (351,000); and raw sugar, 1.9 million (2.5 million). Also large were egg imports at 736 million eggs, against 791 million in 1973.

The single most important import category was machinery, equipment, and transportation means, with an import value of 6.1 billion rubles. This was up about 15 percent from the previous year's and accounted for 32 percent of total imports; 189 million rubles worth came from the United States.

Among the major exports were energy resources, up to 5.3 billion rubles in 1974 from 3 billion in 1973. Natural gas exports more than doubled to 14 billion cubic meters, while shipments of oil and petroleum products decreased to 116 million tons from 118 million the year before.

[1] **At the official Soviet rate, 1 ruble equals 1.4 U.S. dollars. However, when traded on West European exchanges, the ruble is discounted considerably.**

Agricultural Results Improve

AS IT GEARED up for a good agricultural showing in the final year of its 1971-75 plan, the Soviet Union marked up strong first-quarter-1975 gains in output of most livestock products and in farm machinery, fertilizer, and pesticides. There were, nontheless, some products in the minus column, including butter and vegetable oil.

Among livestock products, total meat production (liveweight, including poultry) on state and collective farms rose 125,000 tons, or 3 percent, from that in the first quarter of 1974. Beef production rose 2 percent to 2.42 million tons; pork, 4 percent to 1.15 million; sheep and goat meat, 3 percent to 77,000; and poultry meat, a sharp 22 percent to 172,000 tons. Egg output jumped 10 percent to 8.7 billion eggs as a result of an average 4 percent rise in rates of lay and a 5 percent increase in the laying flock.

Milk production, however, made no gain as lower supplies of feed cut average yields some 3 percent below those of a year earlier.

Industrial meat production (from Government supplies) also rose—by 9.6 percent from that of January-March 1974 to 2.23 million tons. But output of vegetable oil and butter (from Gov-

Soviet Union Boosts

THE SOVIET UNION is seeking to increase output and use of chemical fertilizer, while at the same time trying to import foreign technology to upgrade Soviet production facilities and methods.

The 1975 goal for fertilizer production is 90 million tons (21.6 million tons on a nutrient basis), up 12 percent from the 1974 level. Of this total, 75 million tons will go to the Soviet agricultural sector. By 1980, agriculture is to receive at least 120 million tons of fertilizer (28.8 million tons, nutrient basis).

Total fertilizer production increased from 31.3 million tons in 1965 to 80.3 million in 1974. In terms of active ingredients, this amounted to 7.4 million tons and 19.3 million tons, respectively. Deliveries to agriculture increased from 27.1 million tons (6.3 million tons of nutrients) in 1965 to 66 million tons (15 million tons, nutrient basis) in 1974.

The advantages of mineral fertilizer use are well known to the Soviets. According to agricultural specialists, 50-60 percent of yield increases are directly related to higher fertilizer use.

Recent data provided by the USSR show that 51 percent of the country's total sown area was fertilized in 1974. Cotton, sugarbeets, and corn for grain received the largest shares.

Increased production of fertilizer has contributed to higher Soviet application rates. Comparative data

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ernment oilseed and milk supplies) fell 2 percent and 11 percent, respectively, to 848,000 and 185,000 tons.

Government purchases of livestock products from state and collective farms and other state enterprises paralleled the production results, with the extremes being an 11 percent jump in egg purchases and a 1 percent decline in milk. Total livestock and poultry purchases were up 109,000 tons from those in January-March 1974.

Livestock numbers in collective and state farms were up from year-earlier levels, with gains of 3 percent in total cattle numbers, 2 percent each in hog and sheep and goat numbers, and 6 percent in poultry.

Agricultural machinery production showed relatively good gains in all categories, except for production of corn harvesters, which remained the same as in the first quarter of 1974 at 2,500 units. Advancers included tractors, up 5 percent to 138,000 units; trucks, 6 percent to 173,000; grain combines, 15 percent to 23,600; and forage harvesters, 6 percent to 17,400.

Production of mineral fertilizers hit 21.8 million tons in the first quarter for a 14 percent increase from the 1974 period. Output of pesticides rose an impressive 21 percent to 11,000 tons.

Fertilizer Goal

show that in 1964, each acre of grain received only 6.2 pounds of fertilizer, while in 1973 each acre received 32.1 pounds. For potatoes, the application rate was increased from 57 pounds to 201.6; for vegetables from 58 to 158. In 1974, the fertilized grain area received 35.7 pounds (nutrient basis) per acre. Cotton and sugarbeets received 327.4 and 266.7 pounds, respectively, while corn for grain received 110 pounds.

Soviet officials and specialists are actively working with companies in the United States, France, Japan, and other non-Communist countries to try to import fertilizer production processes and equipment. The USSR has available basic raw materials for fertilizer production but needs foreign technology to improve its methods of transport for the raw materials and the manufacture of natural gas, ammonia, phosphoric acid, and other intermediate products.

Present inefficiencies in existing plants are also being identified and corrected in an effort to maximize production. Onfarm fertilizer storage still remains an unsolved problem.

The Soviet Union is exporting nitrogen, phosphate, and potash because of Government aid commitments. It is importing some ingredients, particularly phosphates, that are in short supply.

—Based on report from
Office of U.S. Agriculture Attaché
Moscow

Soviet Cheese Push Continues

SOVIET FACTORY cheese production has almost doubled since 1965 and is headed still higher in the years ahead, according to an article in *Molochnaya Promyshlennost,* no. 2, 1975. This growth, in turn, has allowed a sharp cut in cheese imports from their 1967 peak and a stabilization of exports following an initial sharp jump in 1966.

The article states that factory output of cheese rose some 85 percent between 1965 and 1974 to 572,000 tons (includes brynza, a cheese usually made from a mixture of sheep and goat milk, but excludes curd and cottage cheeses). Most of the gain came in milk industry output of natural cheese (mainly ripened cheese), which rose 2½-fold. Output of processed cheese increased 22 percent, but its share of total production fell from 48 percent in 1965 to 31 percent in 1974.

Soviet production targets call for another 8 percent gain in 1975 over total 1974 output and a 53 percent leap by 1980. Natural cheese production is targeted to rise 11 and 63 percent, respectively, in 1975 and 1980; and processed cheese, 3 percent and 30 percent.

Among the types of cheese slated for production increases are Sovetsky, Holland (round), and Swiss. Output of Sovetsky cheese is seen rising 2.5 times between 1975 and 1980 to 20,000 tons; that of Holland, 4 times to 25,000 tons; and Swiss, 3 times to 5,000 tons.

According to the article, the USSR produces over 80 brandname natural cheeses and 50 brandname processed cheeses. However, 70 percent of the latter consists of low-quality types such as the Novy brand and also sausage-smoked cheese from skim milk.

To accommodate the growth, the Soviets plan to up total manufacturing capacity for natural cheese by 587 tons per 8-hour shift and that for processed cheese by 120 tons per shift. Currently, the average manufacturing capacity for processed cheese is only about 4 tons per shift, and some shops have capacities as low as 0.5 tons.

During the same period (1975-80), the Soviets plan to construct cheese storage facilities with a total capacity of 34,000 tons, for "one-point-in-time" storing. This will involve the modification and construction of about 150 cheese plants and cheese storage facilities during the next 6 years, compared with 113 cheese plants and shops and 28 storage facilities built and activated during 1971-74.

Soviet cheese imports, including brynza, have dropped in the last several years from the 1967 peak of 19,000 tons to 7,500 in 1973. The decline has been largely in brynza cheese, which accounts for the bulk of cheese imports. Soviet cheese exports, on the other hand, rose sharply in 1966 and have since remained within a range of 7,200-7,600 tons anually, with the exception of the record 8,300 tons shipped in 1969.

World Food Situation Better Since November's Conference

By DON PAARLBERG
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THE SHORT-TERM outlook for the world food situation has improved significantly since the World Food Conference in November 1974. Food aid shipments from the United States and other countries have alleviated the food problem in the most severely affected countries. And there is optimism over prospects for sharply improved crops this year.

An increase in world food production of about 5 percent in 1975 would place us close to the long-term trend of recent years. Based on crop conditions in April such an increase appears possible as farmers around the world respond to the relatively high prices. Of course, if adverse weather occurs in some major areas, we could be faced with another very tight world food situation.

World wheat production is currently forecast to reach a record 372 million metric tons, a gain of 7 percent over the 1974 total of 347 million. Most of the increase is expected in the United States, Canada, and the USSR. Coarse grain production may reach a record 626 million in 1975 against the 562 million in 1974, with the United States accounting for the bulk of the gain.

Availability and price of fertilizer have been of major concern in recent years, but now there are signs of an easing in the tight supply situation. India, Pakistan, and Turkey reportedly all have relatively large inventories, and the Philippines has banned fertilizer imports.

Although predictions are still vary uncertain, North American fertilizer consumption is expected to rise much less in 1975-76 than in the previous 2 years. U.S. manufacturers' inventories, while less than normal, continue to increase above last year's low levels.

In 1975-76, worldwide, USDA expects an 8 percent rise in nitrogen capacity and a 6 percent increase in consumption; for phosphate, increases of 12 percent and 5 percent; respectively; and for potash 3 percent and 5 percent, respectively. While estimating production from capacity is uncertain, it appears that fertilizer supply will be sufficient to meet expected consumption levels, and prices may soften.

The World Food Conference set a target for food aid commitments by the participating developed countries of 10 million tons of grains for 1975 and each year thereafter. As of March, this target for 1975 was close to fulfillment with commitments of about 8.8 million tons.

Since the World Food Conference, the United States has increased its Food Aid Program by $600 million to $1.6 billion (including ocean transportation) in this fiscal year, compared with $939 million in fiscal 1974. The volume of food aid this year has been programmed to rise to about 5.6 million tons, from 3.3 million tons last year.

SHIPMENTS planned under P.L. 480 during fiscal 1975 include 4 million tons of wheat and 1 million tons of rice. The United States has been making every effort, with the cooperation of recipient countries, to make delivery on these commodities before the end of fiscal 1975.

The United States believes that nearly all of the wheat can be exported. We have not been able to reach an effective program level of 1 million tons of rice, but up to 800,000 tons will probably be exported.

Bangladesh, India, and the Sahel are areas of the world that are being watched carefully as crisis food areas, but most indications show improvements in food availabilities. Despite widespread flooding in Bangladesh last August, the total rice harvest probably was near the previous year's level of 12 million tons, milled basis.

The United States P.L. 480 agreement with Bangladesh for fiscal 1975 includes 550,000 tons of wheat and 350,000 tons of rice. This total amount is scheduled to arrive in Bangladesh by end-August 1975, before the critical yearend period.

Bangladesh has also received significant food aid during fiscal 1975 from Australia, Canada, the European Community, and Sweden, and money aid has been received from various oil-exporting Moslem countries. It is still possible that some financing arrangements could be cancelled or aid shipments could be delayed, but nontheless, the situation now appears better than in previous years.

Total 1974-75 production of cereals and pulses in India is now expected to exceed 100 million tons, down from 104 million tons last year, but higher than estimates of a few months ago. Rice and coarse grains showed declines, but the wheat crop now being harvested is up from 22 million tons to 24-26 million tons.

TOTAL INDIAN grain imports are expected to be in the 6.5-7-million-ton range during fiscal 1975—up from 4.5 million tons the previous year. Almost 5 million of this, including 800,000 tons under P.L. 480, is from the United States. These rising imports have brought improved food supplies to cities, but expanded distribution from Government supplies to rural areas, especially in western India, will be needed during the lean period, June-October.

In the Sahel, late 1974 crops were generally good, as the drought was relieved by more normal rainfall. Food supplies are now nearly adequate, and the need for foreign supplies is diminished. Recovery and rehabilitation programs are underway. The dry season is now on, and new plantings will start soon.

Like the Sahel, Ethiopia experienced much better rainfall in 1974. There were abundant crops in many areas and the drought-hunger spectre has, for the most part, lifted. However, some remote areas still have hunger problems carrying over into 1975. Recent political turmoil is reported to have cut some supply lines between surplus and deficit areas.

Africa's 1974 drought scene shifted to the Somali Republic where pro-

Based on statement before the Senate Subcommittee on Foreign Agricultural Policy, May 1, 1975.

longed drought has caused widespread hardship. Relief camps are packed with at least 250,000 refugees from the countryside. International aid, including U.S. corn and sorghum, is being provided. Somali officials stated that famine conditions would peak in April or May 1975 and estimated that possibly one-quarter of the country's population would require relief.

FOR MANY of the non-OPEC developing countries, monetary and economic problems are having a direct and severe impact on their ability to solve their immediate and long-term food problems. These countries are being caught in a vise as their overall balance-of-trade and payments positions continue to deteriorate in 1975.

The overall trade deficit of non-oil-exporting developing countries jumped to $26 billion in 1974, up from $12 billion in both 1973 and 1972. The combined current account deficit of these countries, including the services and transfers accounts, as well as the trade account, was estimated at $23 billion for 1974 and is projected at $30-$35 billion for 1975. Oil import costs for 1974 added an extra $10 billion to total import costs, on top of higher food, fertilizer, and capital goods imports.

In addition to the problems of higher imports the developing countries are also facing problems with falling prices for many of their primary products exports. Reduced business activity in the industrial nations—particularly in the textiles, housing, and auto industries—is largely responsible for the price declines of raw materials. By the end of 1974, some prices were below both 1973 and 1974 average prices.

Not all developing countries are being affected equally by the export-import problems. Several of them are relatively self-sufficient in oil, like Malaysia, Mexico, and Egypt. Others have dynamic export sectors that sell a wide variety of both primary products and manufactured goods. These countries, along with those whose internal food grain production is high relative to needs will fare best in 1975.

International monetary reserves of non-OPEC developing countries, in fact, grew by $3.8 million in 1974. This was, in part, due to a large increase in commercial borrowings. These countries borrowed some $6.4 billion from the Eurocurrency markets in 1974, with over three-quarters of that going to five countries: Mexico, Brazil, the Philippines, Argentina, and Peru.

For the bulk of developing countries however, borrowings were made from international agencies and through bilateral agreements. Net drawings from the regular International Monetary Fund (IMF) credit facility exceeded $1.5 billion in 1974, including loans from the IMF oil facility of over $900 million. The OPEC countries disbursed roughly $2.5 billion in aid to developing countries in 1974 with other large commitments as yet undisbursed. A potential problem will be debt servicing, especially since many of the commercial loans are shortterm and even the IMF oil facility loans have a maximum repayment period of 7 years.

Since the World Food Conference, the United States has joined discussions in the International Wheat Council (IWC) on measures to improve the world's food security system. The first of several meetings of an IWC preparatory group was held in London during March as a followup to Secretary Kissinger's proposal at the Conference to establish an international system of nationally held grain reserves.

The United States notified the Food and Agriculture Organization (FAO) of the United Nations on March 25 that this country is ready to adopt the objectives, policies, and guidelines contained in the International Undertaking on World Food Security that was proposed by Director-General Boerma. On May 19-23, at an FAO Ad Hoc Consultation in Rome, the progress toward worldwide adoption and implementation of the food security undertaking was discussed.

AN IMPORTED world grain outlook for 1975-76 points toward some easing of the tight supply-demand situation. World grain prodouction is expected to exceed worldwide consumption and allow a moderate recovery from the recent downward trend in grain stock levels.

In part as a consequence of the World Food Conference, the Department of Agriculture has been marshaling its own capabilities in the agricultural area. A working conference to develop new priorities for food research is scheduled to be held in Kansas City, Missouri, July 9-11. Delegates representing producers and processors of agricultural products, marketing firms, national farm organizations, farm labor groups, consumers, environmental and conservation groups, nutritionists, and Government agencies will help identify the most pressing problems of food production, processing, and distribution that require research during the next 10 to 15 years.

The conference is being co-sponsored by the Department and the National Association of State Universities and Land Grant Colleges. Output of the conference will be used by planners, administrators, and scientists in shaping programs to help solve the U.S. and world food problems.

Portugal Nationalizes Tobacco Industry

The new Government of Portugal has taken over management of the tobacco industry, which previously was State-owned but privately operated.

A Tabaquveira, the corporation holding 80 percent of the Portuguese cigarette market, was nationalized and operations of the smaller firm INTAR will also be taken over by the State.

Portugal's international tobacco trading patterns are unlikely to change significantly as a result of this nationalization, as the country remains dependent on foreign sources, primarily the United States, Angola, and Mozambique, for leaf supplies. However, in view of the forthcoming independence for Portugal's two African colonies, tobacco farming will be permitted in Continental Portugal.

Thus, in the longer term, domestically grown leaf may partially replace imported supplies in Portugal. Angola and Mozambique now have preferential access to the European Community, under the Generalized System of Preferences, and hence will be less dependent on Portugal as an outlet for their leaf production.

U.S. tobacco shipments to Portugal during 1974 were 2.8 million pounds, 16 percent of Portuguese imports.

Trade Negotiations Subgroup on Grains Ends First Sessions

The first meeting of the Grains Subgroup (of the Agriculture Group) of the Multilateral Trade Negotiations met in Geneva on May 26-28 and June 9. Under its terms of reference, the subgroup is to consider the agricultural aspects of tariff and nontariff measures and to treat them in conjunction with the work of the Tariff and Nontariff Measures Groups.

At the meeting, the U.S. delegation proposed that the subgroup consider major grains—wheat, corn, sorghum, barley, and possibly other feedgrains—and that the subgroup divide its work program into two parts.

First, the subgroup could consider systematically, in relation to the specific characteristics and problems of grains, the major measures relevant to grain trade.

Measures would include tariff and nontariff measures, including variable levies, quantitative restrictions, export subsidies and restrictions, state-trading, and other commercial and technical impediments to trade applied at the frontier, and other trade distorting measures.

In a second stage, according to the U.S. proposal, the subgroup could examine multilateral solutions to the problems identified.

After considerable discussion and a recess, the subgroup agreed that at its second session on June 23, it would address itself to the following three interrelated categories of topics (the order of listing having no significance):

- topics related to the objective of stabilization of prices and markets;
- topics related to the objective of the expansion and ever greater liberalization of trade;
- topics related to the objectives concerning developing countries, taking into account the interests of importing and exporting developing countries.

The subgroup will undertake an examination of all the elements of all proposals that have been or may be made, with the objective of assessing their content and their relevance to the problems and to the objectives of the Multilateral Trade Negotiations.

World Weather

May and early June were warm and quite dry in the USSR's Volga region, southern Urals, and Kazakhstan. Although there was some rain in mid-June, it evidently was not enough to relieve drought significantly.

In Western Europe late spring has been cold and crop growth is lagging. The latest frosts on record occurred in parts of the United Kingdom in early June; and much of the North Sea region received June snowfall.

Rains continued to plague harvesting in Argentina, extracting a heavy loss. As in April, Brazil benefited from more reasonable precipitation. Rains have eased dry conditions in Colombia.

The summer monsoon began on schedule in the India subcontinent, marked by substantial rains along India's southwest coast. Assam, and Bangladesh.

Northeast China has not received its usually generous late spring rains; however, rains during the first week of June did ease the dry situation. Other regions of China have experienced favorable weather in general.

North American weather has been mostly suitable for agriculture. Planting has advanced well with rains in dry sections of Texas and Mexico.

GRAIN: Seeding of spring grains neared completion in North America and soil moisture is generally good. Winter wheat harvest is advancing northward although delayed and damaged by excessive rain, wind, and hail in parts of the southern Great Plains.

USSR winter wheat continued to look good in most of the producing area, enhanced by late May and early June rains apparently before much deterioration occurred. However, much of the USSR's spring wheat area is not up to normal soil moisture and is vulnerable to hot summer winds. Widespread rains must be received soon to avoid extensive crop deterioration.

In Western Europe grains are lagging in development due to the cold spring. Portions of Eastern Europe could use a spell of drier weather. Late spring rains have been unusually generous, too, in the Mediterranean Basin where corn and similiar coarse grains are doing well. Earlier floods in Turkey caused little damage to wheat; instead, production prospects improved.

China is starting to harvest what should be a good winter wheat crop, after receiving timely spring rains. Weather also has been favorable for rice and other summer grains. The exception is the spring wheat area of the northeast where rainfall has been below normal.

In India, Pakistan, and Bangladesh the summer monsoon seems to be on schedule. Fertilizer and seed have been distributed and there has been good planting progress with rice.

OILSEED: April-May rains hurt peanut production in Argentina. The timely start of the summer monsoon will enhance peanut prospects in India, where May rainfall was substantial in the southwest, as was June rain in the southeast.

Soybeans could use more moisture in Northeast China; however, soil moisture is mostly good in the North China Plain, where peanuts are also grown. In the USSR, conditions for sunflowers vary from rather poor in the Volga and southern Urals to quite good in other major producing areas.

Weather has been mostly favorable for rape and flax in North America and Europe although rape suffered some losses earlier to spring frosts in northern Europe.

SUGAR: Sugarbeet areas of the Northern Hemisphere received reasonably good weather for planting and early growth. Drought in the Volga and southern Ural regions of the USSR poses a major threat.

Many cane areas of the Caribbean and Central America need rain and a few need it desperately after many months of below normal rainfall.

OTHER: Rains damaged the **cotton** crop in Argentina and were too frequent for ideal development in China. Good rains have been falling in much of India's major producing area. Late frosts damaged **fruit** at higher elevations in Yugoslavia. **Pastures** are generally in good condition or improving, except in the large drought areas of the USSR, Australia, Caribbean, and Central America.

The Economic Structure Of India's Sugar Industry

INDIA IS the world's fifth largest producer of refined sugar, and with production and prices moving up, sugar has become the country's most important agricultural export, bringing in $259 million in foreign exchange in calendar 1974, compared with only $56 million in the previous year. Total sugar production (not including khandsari) in the current season (1974-75) is estimated at an alltime high of 4.2-4.6 million tons compared with 3.95 million during the past season.

Recently, U.S. Agricultural Attaché Ivan E. Johnson, New Delhi, gave the following responses to questions on the economic structure of India's sugar industry.

● **What is sugarcane yield?** Sugarcane yield varies throughout the country from 11 to 34 metric tons per acre (basis 1973-74 crop), depending largely upon climatic conditions. The sucrose content of Indian cane is comparatively low and sugar recovery per ton of cane varies from a low of 8.3 percent to a high of 10.6 percent in different states. All-India average recovery for the 1973-74 crushing season is estimated at 9.34 percent.

● **What is the total cost of production of cane sugar?** All-India total production cost of sugar is presently estimated at Rs. 240[1] per quintal.[2]

● **What is the projection of production and consumption of sugar in India in 1979?** India's refined sugar production target for the year 1978-79 (last year of the Fifth Five-Year Plan) has been fixed at 5.7 million tons. The cane production target is 170 million tons.

According to trade sources, current domestic consumption of refined mill sugar is estimated at about 3.3 million tons. The per capita consumption of mill sugar in India for the last 5 years has varied from 6.2 to 7.3 kilograms. Additionally, the Fifth Plan has set the cane output target at 170 million tons.

● **What new milling starts are coming on stream and what is their capacity and output?** The sugar industry's installed production capacity has been increasing by 150,000-200,000 tons annually over the last few years.

Government policy has been not to allow new milling units in the private sector. Expansion of any existing units in all sectors involving investment up to approximately $1.3 million per unit is permitted without any licensing requirements. The installed capacity of sugar mills since 1969-70 (in thousand metric tons) is as follows: 1969-70—3,556; 1970-71—3,700; 1971-72—3,919; 1972-73—4,142; 1973-74—4,345. Production capacity target for the year 1978-79 is fixed at 6 million tons.

● **What is the cost of putting up a new mill at a given capacity?** Cost of a new plant of 1,250 tons capacity has increased substantially during recent years from about Rs. 35 million during 1972-73 to about Rs. 70 million. Given the current rate of inflation it will not be very long before the cost will reach Rs. 80-100 million.

● **What is the current local refined price for sugar?** The producers and consumers of mill sugar in India have been subjected to a system of dual prices since the introduction of a policy of partial decontrol of sugar in 1967-68. Under this policy, the Government of India takes over 65 percent of the production of the sugar mills at fixed rates and sells the same to consumers at controlled prices through the Fair Price Shops.

Controlled prices are much lower than free market prices although no Government subsidy is involved. The mills are allowed to sell the remaining portion of their production at whatever prices they can obtain and there is no price control at the retail outlets on the sale of this portion of mill production.

The retail consumer price of levy sugar distributed through Fair Price Shops is currently fixed at Rs. 2.15 per kilogram almost all over the country. The ex-factory price, however, differs from zone to zone. Retail prices of free sale sugar at some of the important markets in the country during December 1974 and January 1975 ranged between Rs. 4 and Rs. 5.90 per kilogram.

● **What are the current political conditions that may affect costs and prices of refined or raw sugar?** About two-thirds of the total sugarcane area in the country is located in Maharashtra, Uttar Pradesh, and Bihar. Cane growers in these states wield considerable political and economic influence in their respective State Legislatures. The sugar industry has an influential lobby in the Indian Parliament.

● **Are there any limitations on available land for expansion of sugarcane production?** The sugar industry is the second largest agro-based industry in the country, next only to the cotton textile industry. Sugar production, including gur (farm-made unrefined brown sugar) and khandsari (native type of semicentrifugal sugar), contributes approximately 5 percent of the nation's total gross agricultural output.

While India is one of the largest agricultural countries in the world, barely 1.5-1.6 percent of the cultivable land is under cane cultivation. Total area under sugarcane crop has fluctuated from 5.9 to 6.6 million acres and the percentage variation has been from −10 percent to +11 percent in the last 5 years. This percentage deviation is attributed to diversion of land from one crop to another crop.

● **What is the cost for acreage and harvesting expansion?** Except in Maharashtra, the bulk of the sugarcane cropland in India is owned by individual farmers. In Maharashtra, approximately 92,000 acres of sugarcane cropland is owned and farmed by the Maharashtra State Farming Corporation.

Sugarcane farming and harvesting in the rest of the country is done by hand labor, including owner farmers, family labor, and hired labor. This labor force also performs the task of converting approximately 60 percent of the annual cane production into gur. Hence no reliable data on the cost for acreage and harvesting expansion is available.

● **What intercountry contracts are now in effect that will fix returns for the next few years?** Indian sugar for export is sold mostly through international brokers. The only known long-term contract for export of sugar currently in force is with Iran. India entered into an agreement with Iran for export of 500,000 tons of sugar over a period of 2½ years commencing with the 1974-75 (October-September) season.

[1] **1 rupee = 12.8 U.S. cents.** [2] **1 quintal = 100 kg or 220.46 lb.**

Alternatives for Assessing Export Sales Data

Continued from page 5

port of destination.

Conceivably, the exporter might be more committed to making export delivery if he is responsible for arranging and paying for ocean freight and insurance costs. It may be more difficult for him to cancel a contract that includes these costs since they would have to be renegotiated, as well as the basic commodity price. But if it is more difficult for the exporter, it becomes less difficult for the foreign buyer who may later want to sell the contract to another buyer.

Another aspect of the problem is that some c&f sales are priced at a foreign port of discharge, but provide for discharge elsewhere with automatic price adjustment based on freight differences. Technically, these are c&f sales; actually, they resemble f.o.b. sales.

It is generally agreed that the delivery terms are not the key to the problem. Two foreign buyers (and this includes governments) may require different delivery terms, but the important questions that determine their real intentions are: How badly do they need the commodity? What are their motives for contracting for U.S. commodities? What are their alternatives? Again subjective evaluations!

Within the present reporting system there are discernible patterns of trading grain and oilseeds. These patterns seem to result from the relationship between the U.S. exporter and the foreign buyer and their motives in contracting with each other. (These motives will be discussed in a subsequent article.)

Some of the exporters of these commodities seem to deliver against most of their outstanding sales; others tend to cancel that portion of their outstanding sales scheduled for early delivery.

While large purchases and cancellations by foreign governments may distort these private trading patterns, it is thought that a study of past performance by individual exporters, and adjustment of current data by this performance factor, may offer clues as to the likelihood of actual exports under free market conditions.

Along these lines, an embryo study is underway. This involves making certain assumptions to be tested for validity over a period of time and developing a methodology to implement them. It would be premature to offer any assurance that this goal can be achieved. At least, it suggests a possibility for objective, rather than subjective, evaluation of data available within the present reporting system.

Another solution has been proposed by several U.S. processors and farmer cooperatives. Simply stated, this proposal would require anyone reporting an export sale to the government to post bond guaranteeing export delivery. If the exporter fails to export in accordance with his contract, he would suffer a penalty by forfeiture of the bond. Advocates of this idea presumably would propose enabling legislation to provide for such penalties.

While acknowledging that this proposal would help make export sales data more meaningful in terms of eventual exportation, it seems a high price to pay for better statistics. In the first place, by removing some of the flexibility now available to international buyers and sellers, it could hamper trade. It might even restrict export markets for U.S. agricultural commodities. The cost of the bond and the risk of forfeiture would probably increase the cost of doing export business, resulting in higher prices for U.S. commodities abroad and lower prices at home.

Secondly, large international traders have flexibility in substituting a new sale for a cancelled or deferred sale, and in changing contract destinations. This is possible because of their wide network of affiliated companies and agents located throughout the world. A small exporter or a producers' cooperative does not have this worldwide representation and thus lacks this flexibility. If an important buyer cancels, the smaller exporter will usually have a hard time finding a substitute buyer. Thus, under the present structure of international trade, a penalty feature tied into the reporting system would appear to discriminate against small exporters.

THIRDLY, in a tight supply-demand situation U.S. processors and consumers now have a fair chance to bid for a commodity so long as it is physically located in the United States. The penalty feature attached to reported export sales might make it more difficult for the domestic market to retain needed supplies in this kind of situation. This problem might be overcome if the bond and penalty could be waived under such a circumstance; however, the possibility of a subsequent waiver does not remove the initial risk.

It seems that there is a need for better assurance that export delivery will take place against reported export sales. But if this is true, there is an even greater need for some kind of U.S. Government assurance that export delivery will be permitted to take place according to contract delivery schedule at some future date.

German Output of Mixed Feed Down

In West Germany, mixed feed production is faltering, but consumption of soybean meal is growing and the share of corn that goes into poultry feed is also on the rise.

West German mixed feed output for October 1974-January 1975 was 9 percent below the same period of the previous marketing year. Demand fell as a result of large domestic supplies and a growing trend among farmers to mix the feed themselves rather than buy the more expensive compounds.

The manufacturers who suffered the greatest losses were the producers of swine feed, which is high in domestic grain. Swine feed sales fell 15 percent at a time when pork output was reaching alltime highs.

The poultry industry, on the other hand, is more specialized than hog farming, and poultry feed sales fell only 7 percent. Poultry farmers are less likely to mix their own feed, so volume of domestic grain supplies plays a smaller role.

A high percentage of U.S. soybean meal and corn is used in both the swine and poultry mixtures. Soybean meal consumption is up, and the percentage of corn used in mixed-feed formulae is climbing.

Soybean usage grew 10 percent in calendar 1974 to 2.3 million tons, with sales up 30 percent in the last quarter.

Recent statistics confirm that more corn and less wheat is going into chicken feed. Mixed feed for poultry other than broilers in January 1975 contained 49 percent corn on the average, but feed manufacturers say that the share now is closer to 60 percent.

CROPS AND MARKETS

COTTON

Taiwan Textile Industry Expanding Despite Recession

The Taiwan textile industry is planning a major expansion in textile capacity despite losses in 1974 and 1975 stemming from the worldwide downturn in textile demand. The textile industry, optimistic about long-term prospects, is currently planning investments of nearly $200 million for expansion of manmade-fiber facilities.

Cotton spinners currently plan investmets of a little over $50 million, which will increase annual capacity by about 50,000 bales of cotton yarn and 500,000 bales of blended yarn. This capacity increase is planned despite recent over-expansion in cotton-spindle capacity that has left many recently installed cotton spindles idle, following recession-induced production cuts of at least 20 percent since the fall of 1974. Cotton spindle capacity could reach 2.5 million by August 1975, more than double 1970 capacity, if officially approved expansion plans are carried out.

Cotton use in Taiwan grew from only a few thousand bales prior to 1950 to a pre-recession level of over 700,000 bales in 1973. But the downturn in textile demand is expected to hold cotton consumption well below that level in the current 1974-75 season. In 1973-74 the United States supplied about 65 percent of Taiwan's cotton needs.

Soviet Cotton Prospects Remain Good

Soviet cotton planting by May 26 totaled nearly 7.2 million acres, according to Soviet press reports. This is slightly above total 1974 plantings. The probable production range remains at 12.4 million to 13.4 million bales, with current indications still supporting an estimate of 12.9 million or more.

India To Export Better Quality Cotton

The Indian Government has decided to permit unprecedented exports of its surplus higher quality medium-long and long-staple cottons in order to relieve pressure on producers hit by sharply sagging prices and unsold stocks in the wake of depressed mill demand. A tentative export quota of 80,000 to 125,000 bales has reportedly been set, with overall responsibility for approving prices and monitoring export contracts assigned to the Cotton Corporation of India.

Since early 1974 mill demand for longer staple qualities has dropped well below production. In the past several years, production of those qualities has grown sharply to well over 1 million bales, nearly one-fourth of total outturn. The rise has been spurred by official programs aimed at replacing long-staple imports.

The two principal surplus upland varieties are in the range of 1-1/16 inches to 1-1/8 inches and are compared with best quality Acalas. On May 15, the Indian Government abolished export duties on cottons stapling 1-1/32 inches and longer in an effort to improve the competitive position of those cottons now priced above comparable foreign qualities. In the past, India has exported only native, short-staple desi cottons.

PRC Boosting Cotton Exports

The People's Republic of China (PRC), normally a net importer of cotton, has turned to pushing cotton exports in reaction to domestic and world developments this season. It is believed that 1974-75 exports could exceed 200,000 bales, more than double those of recent years. Official Hong Kong statistics through February this season show imports from the PRC at nearly 12,700 bales, compared with less than 1,000 bales for the entire 1973-74 season. Trade reports indicate sales of around 30,000 bales to Japan for delivery in calendar 1975 with some additional sales to the Philippines, Indonesia, and to some European destinations.

This shift in export policy probably results from the need for foreign exchange more than from a surplus of cotton. The PRC normally prefers to export yarn, fabrics, and other finished textile goods to bolster its hard-currency foreign-exchange earnings. However, depressed conditions in China's major textile markets over the past year, plus record domestic cotton crops in this and the previous season, combined with high cotton import commitments, appear to have been important factors in the reversal of its traditional export pattern.

The PRC has recently suffered sharp reversals in trade earnings in the Hong Kong market. The value of PRC's exports of textile yarn and thread, which in calendar 1973 increased by 176 percent over 1972's, declined by 46 percent in 1974. Cotton fabric export values in 1974 also suffered similar declines. It is also assumed that other PRC cotton textile export markets declined to varying degrees—some may have plunged dramatically.

In addition to declining textile exports and substantial import purchasing, China apparently experienced a second successive bumper cotton crop this season. The prospect of ample domestic supplies in a dull textile market and a desire to conserve foreign exchange may have precipitated the PRC's decision to buy back nearly half of its earlier cotton contracts with U.S. shippers and delay or cancel some purchases from other countries. The remaining half of the U.S. contracts—some 304,000 running bales—will be shipped this season.

SUGAR AND TROPICAL PRODUCTS

India Abolishes Export Duty on Hessian Cloth

Responding to the increasing concern of the Indian jute industry, and to the recommendations of the joint Government-industry fact-finding team which last February visited the United States and Canada, the Government of India abolished the Rs600 per metric ton (about US$75) export duty on jute hessian cloth, or burlap, effective June 5. This

measure is intended to improve the competitive position of Indian hessian vis-a-vis synthetic substitutes and Bangladesh hessian in world markets, particularly the United States.

Previous action by the Indian Government removed the export duty of Rs200 ($25) per ton on jute carpetbacking, effective May 3. The only jute product that remains subject to export duty is sacking, levied at Rs150 ($18.75) per ton.

Ghana Increases Cocoa Producer Price

The Ghana Government has increased the cocoa producer price to 16 cedis per 60 pounds (23.2 U.S. cents per lb) for the 1975 mid-crop, representing an increase of 6.7 percent over the 15 cedis (21.75 cents per lb) paid for 1974-75 main-crop cocoa beans.

Although Ghanaian growers will now receive higher prices, the farmer's price still remains well below those paid to Ivory Coast and Nigerian cocoa farmers, who receive 33.1 cents and 48.5 cents per pound, respectively.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	June 17	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	4.95	−45	5.15
USSR SKS-14	(1)	(1)	(1)
French Milling [2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring: 14 percent	4.42	+2	4.95
U.S. No. 2 Hard Winter: 13.5 percent	3.96	+16	4.65
No. 3 Hard Amber Durum	5.92	−63	6.98
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	3.21	−29	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.18	+18	3.34
French Maize [2]	3.33	+20	(1)
Argentine Plate corn	3.87	+7	3.61
U.S. No. 2 sorghum	2.65	−5	2.95
Argentine-Granifero sorghum	2.68	−3	2.97
U.S. No. 3 Feed barley	2.08	+1	2.82
Soybeans:			
U.S. No. 2 Yellow	5.66	+19	6.16
EC import levies:			
Wheat	2.08	+3	.10
Corn	1.07	+4	.05
Sorghum	1.60	+3	.56

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

Belgian-Luxembourg Grain Crops to Decline

Smaller Belgium-Luxembourg grain crops are forecast for 1975 as a result of poor weather during the winter grain crop planting season. Wheat production may fall by over 150,000 metric tons from last year to less than 900,000 tons, a 15 percent decline. Wheat imports may be up by as much as 200,000 tons over last year's, with corn and barley up by 100,000 and 200,000 tons, respectively.

Argentine Corn, Sorghum Output Reduced by Bad Weather

Corn and sorghum production in Argentina have been revised downward because of poor weather. Corn production may be as low as 7.3 million metric tons, down 25 percent from last year's output, while production of sorghum is now estimated at 3.5 million tons, a third less than the 1974 harvest.

Argentine corn exports for April-March 1975-76 are now projected at 3-3.5 million tons compared with 6 million tons in 1974-75. Sorghum exports also have been revised downward with 1.5 million tons projected for 1975-76, less than half the 1974-75 level. Reduced availabilities of corn and sorghum for export have reportedly prompted the Argentine Grain Board to stop receiving exporters' bids for these grains.

U.K. Grain Feeding To Increase in 1975-76

Grain feeding in the United Kingdom during 1975-76 is expected to increase about 10 percent over the 12-million-ton level estimated for the 1974-75 season. High feeding volumes for both corn and barley are expected to account for the entire increase, while offsetting an anticipated half-million-ton decline in wheat feeding. Import demand is expected to rise in accordance with the projected increase in livestock feed demand, and it is currently anticipated that U.K. imports of U.S. corn and sorghum will increase in 1975-76 by approximately 900,000 tons, or more than 70 percent, over the 1974-75 level.

Australia's Wheat Prospects Fizzling

Australia's 1975-76 wheat crop prospects continue to deteriorate as a result of dry conditions. The planted area is now expected to be less than 9 million hectares, while the harvest (in late 1975) will probably be less than 10 million metric tons. This crop would be nearly 2 million tons less than 1974's, and may cause wheat exports during the December-November marketing year to decline by almost 3 million tons from the 9.3-million-ton level projected for the current season.

Japan Considering Big Increase In Grain Output and Stocks

A group of Japanese businessmen and agricultural leaders are proposing that the Japanese Government increase both domestic grain production and stockpiles by 1985. According to news sources, the plan calls for increases in wheat and barley production of 500 percent to 900 percent, respectively, above the 230,000-ton level for each of these two grains in 1974. Total grain stocks are to be enlarged to 6 million tons, compared with estimated beginning stocks for the 1975-76 season of 4.8 million tons, including rice.

Imports of wheat and barley—5.4 million tons and 1.3 million tons, respectively, in 1974-75—are expected to decline during this period but imports of other feedgrains are projected to increase to around 16 million tons annually, up from 11.5 million tons in 1974-75.

FRUIT, NUTS, AND VEGETABLES

Spanish Hop Output Revised Upward

Spanish hop production for 1974 is now estimated at 2,631 metric tons, 8 percent above the November estimate and 12 percent above the 1973 harvest. This represents the third consecutive year that the Spanish harvest has registered an increase. This is particularly noteworthy since the Government of Spain restricted hop expansion during 1974. This prohibition has been extended through the 1975 crop year.

The majority of Spanish hops are consumed domestically and so exports are usually insignificant. However, due to the relatively large 1974 crop, exports in 1974-75 are expected to total slightly less than 227 tons. Spain's hop imports normally average about 454 tons.

Industry sources report that domestic beer consumption is on the increase.

New Zealand Hop Output Up

Hop production in New Zealand is currently forecast at 499 metric tons for 1975, 21 percent above the revised estimate for the 1974 harvest of slightly less than 454 tons.

Exports for 1974 were nil and the 1975-76 forecast calls for the same. New Zealand's hop imports are insignificant.

Reportedly, per capita beer consumption is on the decline, due in part to the rising consumption of wine.

India Plans Potato Dehydration Plant

The Government of India has requested the State Government of Uttar Pradesh to establish a potato dehydration plant at Farukhabad. Uttar Pradesh is the largest potato growing and marketing region in India. Additional cold storage will also be constructed. Currently there are only eight dehydration plants in India which are primarily engaged in dehydrating onions and garlic for export.

Sao Paulo Orange Production Up

São Paulo's new orange crop has been estimated at 3.67 million metric tons, nearly 10 percent above last year's 3.35 million tons. Although trees in production increased 22 percent to 53.6 million, the pace of new plantings last season dropped considerably. Indications are that yields will be 1.7 boxes (90 lb each) per tree compared to last season's 1.86 boxes.

An estimated 61 percent of São Paulo's crop is expected to be processed, mostly for export. Orange concentrate exports are projected at 150,000 tons, 38 percent above last season's 108,460 tons, when export sales to Western Europe declined. Fresh orange exports are expected to total 52,000 tons, slightly above last year's.

Juice processors are reportedly offering producers CR$6.50 (82.6 U.S. cents) per box, while producers want CR$8.00 (US$1.016). To resolve the situation and permit payment of CR$8.00 to producers, the Government of Brazil reportedly has proposed an increase in the current 16-percent-tax-credit export incentive to 28 percent. As a result of the impasse the Government has not yet set a minimum export price for concentrate, but it is expected to be less than the US$560 per ton set last year.

Egyptian Winter Onion Exports Expected To Rise Slightly

Egyptian exports of its 1975 winter dry onion crop are anticipated to be 80,000 metric tons, up 10,000 tons from last year's level. Communist countries are expected to receive about half the 80,000-ton total. The remainder will be shipped to the Arab States and West European markets. Although the size of this year's crop is 77,000 tons smaller than last year's 207,000-ton level, the quality is considered to be much better.

Shipments of last year's crop were off the expected level due to lower quality and late arrival on the European market. Consequently, Egyptian onions faced stiff competition from the Chilean, Spanish, and Italian crops. In an effort to reduce stocks Egypt sold the bulk of the 1974 crop at $153.40 per metric ton, well below the then prevailing market price of $250.16 a ton. Prices, however, apparently have regained some strength, indicating a reasonably strong demand, and are selling near last year's level.

1974 French Canned Fruit Pack Off

Revised statistics indicate 1974 French production of fruit packed in syrup totaled 4 million cases, basis 24/2½'s, 2 percent below 1973. Frost in late May and June 1974 cut fruit production and reduced available supplies in both the fresh and processed outlets. The 1974 pack, in thousand cases, was: Apricots, 146; peaches, 517; pears, 571; plums, 554; cherries, 685; mixed fruit, 1,442; and other, 86.

Japanese Hop Output Down

The November 1974 estimate for the Japanese hop crop has been revised downward by 11 percent to 2,072 metric tons. This represents a 19 percent decrease from the 1973 crop of 2,560 tons. The decline is attributed to reduced acreage and unfavorable weather.

As a small producer but large consumer of hops, Japan imports more than 50 percent of its domestic needs. During 1973-74, Japan purchased 3,520 tons, 15 percent more than the year before. Its imports for 1974-75 are forecast at 3,780 tons or 7 percent over the level of the past year. Primary sources of these imports were West Germany, Eastern Europe, and the United States.

Due to the Government's tight money policy and a 14 percent increase in prices in January 1974, beer consumption declined last year. However, industry sources expect sales to regain their traditional growth pattern during 1975, in spite of a predicted 10 percent increase in consumer prices and an anticipated 8 percent increase in the alcohol tax.

CORRECTION: On page 8, June 9 issue, the price per pound of canned ham in Mexico City presented in the table, "Survey of Retail Food Prices in Selected World Capitals, May 7, 1975," should have been $.88.

Other Foreign Agriculture Publications

- World Sugar Production, Stocks Down In 1974-75 (FS 1-75)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202-447-7937.

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Yugoslavia Increases Soybean Acreage Target

Yugoslavia's 1975 soybean acreage target has been increased from 50,000 acres to 75,000—almost four times the 1974 acreage. But sufficient funds to complete purchase of the 1974 crop still have not been made available, and bonuses for new soybean production have yet to be approved. These factors may be disincentives to fulfillment of the target.

Voyvodina, Yugoslavia's foremost crop region, is to have about 37,000 acres in soybeans, compared with only 3,200 in 1974. Other soybean sowing areas are in parts of Serbia, Croatia, and northern Bosnia.

If the acreage goal is achieved, production is expected to be 45,000-50,000 tons in 1975, compared with only 14,000 tons in 1974.

Voyvodina, the major cattle-breeding region, imported 70,000 tons of soybean pellets in 1974, valued at $18 million, and this year hopes to cut imports by one-fourth.

Yugoslavia imported 250,000 tons of soybean meal in 1974 and 50,000 tons of unrefined soybean oil. The United States accounted for about 140,000 tons of the meal and 35,000 tons of the oil.

Yugoslavia hopes to attain self-sufficiency in oilseed (sunflower and soybean) production by 1980—a goal that is considered unrealistic in the short run because oilseeds will be competing for limited acreage with other crops, such as corn, wheat, and sugarbeets that also have been designated in self-sufficiency plans.

Apparently, Yugoslavia intends to maintain livestock production at current levels, despite export difficulties and the effects of inflation on domestic consumers.

Chemical Manufacturers Plan Production Of Bioproteins in Italy

At least two Italian chemical manufacturers are proceeding with plans to produce bioproteins in Italy, although the Italian Government has not determined whether their use in animal feed is safe.

Total protein meal production in Italy is projected at around 200,000-300,000 metric tons per year in 2 years. This volume of protein meal will displace some combination of soy, corn, or fishmeal that otherwise would have been used.

The Government is still testing bioproteins, although production and trade in single-cell protein (SCP) has been approved in the Netherlands, France, the United Kingdom, and Denmark, as well as in some East European countries and the USSR. It is considered likely that the Italian Government will approve the use of SCP, as Government funds are being expended indirectly in its production.

How much SCP actually will be consumed in Italy will depend both on oil prices—since hydrocarbons are a major cost in many SCP processes—and prices of soybeans and corn. At present, SCP is not considered competitive with soymeal, although it is with fishmeal.

Pakistan Wheat Crop Up But Short of Needs

Pakistan's 1974-75 wheat crop, sown under adverse weather conditions, has been favored by the widespread rains of late January and early March, and the Government now forecasts a harvest of 7-7.5 million tons. This total, while less than the Government target of 8.5 million tons, is higher than earlier forecasts.

This quantity is still far short of supplying domestic needs, and the Government is arranging for wheat imports of up to 1.5 million tons, of which about 800,000 tons are expected to come from the United States, including 400,000 tons of wheat recently authorized under P.L. 480. Imports of wheat in 1975-76 could total as much as 2 million tons, compared with 1.5 million in 1974-75.

Rice production in 1974-75, according to the most recent Government estimate, will amount to 2.2 million tons (milled), 10.4 percent less than in the previous year. Although the Government increased procurement prices of rice before the latest crop was sown, the sharp decline in production of coarse varieties in Sind Province is causing problems in reaching the overall export goal of 660,000 tons.

Coarse grain production in 1974-75 declined because of unfavorable weather conditions that discouraged planting and reduced yields in areas sown to corn, millet, sorghum, and barley. The overall output decline amounts to about 12 percent from that of a year earlier.

Production of pulses during 1974-75 is estimated at 205,000 tons, down 7,500 tons from the previous year's crop.

*U.S. GOVERNMENT PRINTING OFFICE: 1975 582-184/49 1-3